

_____ BILL NO. _____

INTRODUCED BY _____
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING CERTAIN FINANCIAL PROVISIONS RELATING TO THE FUNDING OF STATE GOVERNMENT; INCREASING THE ASSESSMENT ON ALL TAXABLE WAGES PAID BY EMPLOYERS EITHER COVERED BY OR NOT COVERED BY AN EXPERIENCE RATING FACTOR FOR CALENDAR YEAR 2004; PROVIDING FOR THE DEPOSIT OF \$9 MILLION IN THE STATE GENERAL FUND; TRANSFERRING \$20 MILLION FROM THE STATE FUND RESERVES FOR CLAIMS FOR INJURIES RESULTING FROM ACCIDENTS THAT OCCURRED BEFORE JULY 1, 1990, TO THE COAL SEVERANCE TAX PERMANENT FUND; AMENDING SECTIONS 39-51-404, 39-51-409, AND 39-71-2352, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 39-51-404, MCA, is amended to read:

"39-51-404. Administrative expenses. (1) Money credited to the account of this state in the unemployment trust fund by the secretary of the treasury of the United States pursuant to sections 903 and 904 of the Social Security Act {, 42 U.S.C. 1103 and 1104}, as amended, may be requisitioned and used for the payment of expenses incurred for the administration of this chapter pursuant to a specific appropriation by the legislature if the expenses are incurred and the money is requisitioned after the enactment of an appropriation law that:

- (a) specifies the purposes for which the money is appropriated and the amounts appropriated;
- (b) limits the period within which the money may be expended to a period ending not more than 2 years after the date of the enactment of the appropriation law; and
- (c) limits the amount that may be used during any 12-month period beginning on July 1 and ending on the next June 30 to an amount not exceeding the amount by which the aggregate of the amounts credited to the account of this state pursuant to sections 903 and 904 of the Social Security Act {, 42 U.S.C. 1103 and 1104}, as amended, during the same 12-month period and the 34 preceding 12-month periods exceeds the aggregate of the amounts used pursuant to this section and charged against the amounts credited to the account of this state during any of the 35 12-month periods.

(2) For the purposes of this section, amounts used during any 12-month period must be charged against equivalent amounts that were first credited and that are not already charged, except that an amount used for administration during any 12-month period may not be charged against any amount credited during a 12-month period earlier than the 34th preceding period. Money requisitioned for the payment of expenses of administration pursuant to this section must be deposited in the unemployment insurance administration account but, until expended, must remain a part of the unemployment insurance fund.

(3) The department shall maintain a separate record of the deposit, obligation, expenditure, and return of funds deposited. If any money deposited is for any reason not to be expended for the purpose for which it was appropriated or if it remains unexpended at the end of the period specified by the law appropriating the money, it must be withdrawn and returned to the secretary of the treasury of the United States for credit to this state's account in the unemployment trust fund.

(4) An assessment equal to 0.33% of all taxable wages provided for in 39-51-1108 for calendar year 2004 and 0.13% for succeeding calendar years of all taxable wages provided for in 39-51-1108 and 0.10% of total wages paid by employers not covered by an experience rating for calendar year 2004 and 0.05% for succeeding calendar years of total wages paid by employers not covered by an experience rating must be levied against and paid by all employers. ~~All~~ Subject to subsection (5), all assessments and investment income must be deposited in the employment security account provided for in 39-51-409.

(5) The amount of \$9 million must be deposited in the general fund during calendar year 2004."

Section 2. Section 39-51-409, MCA, is amended to read:

"39-51-409. Employment security account. (1) There is an account created in the state special revenue fund called the employment security account.

(2) The department may transfer funds from the account to the unemployment insurance fund account provided for in 39-51-402 upon receiving approval from the budget director that the transfer will not decrease the money in the account below the level appropriated by the legislature to provide employment services programs.

(3) The department may transfer appropriation authority in employment services programs between the federal special revenue and the state special revenue fund types.

(4) During calendar year 2004, the department shall transfer to the state general fund an amount equal to \$9 million from the assessment provided in 39-51-404(4)."

1

2 **Section 3.** Section 39-71-2352, MCA, is amended to read:

3 **"39-71-2352. Separate payment structure and sources for claims for injuries resulting from**
4 **accidents that occurred before July 1, 1990, and on or after July 1, 1990 -- spending limit -- authorizing**
5 **transfer of money for payment of claims.** (1) Premiums paid to the state fund based upon wages payable
6 before July 1, 1990, may be used only to administer and pay claims for injuries resulting from accidents that
7 occurred before July 1, 1990. Premiums paid to the state fund based upon wages payable on or after July 1,
8 1990, may be used only to administer and pay claims for injuries resulting from accidents that occur on or after
9 July 1, 1990.

10 (2) The state fund shall:

11 (a) determine the cost of administering and paying claims for injuries resulting from accidents that
12 occurred before July 1, 1990, and separately determine the cost of administering and paying claims for injuries
13 resulting from accidents that occur on or after July 1, 1990;

14 (b) keep adequate and separate accounts of the costs determined under subsection (2)(a); and

15 (c) fund administrative expenses and benefit payments for claims for injuries resulting from accidents
16 that occurred before July 1, 1990, and claims for injuries resulting from accidents that occur on or after July 1,
17 1990, separately from the sources provided by law.

18 (3) The state fund may not spend more than \$1.25 million a year to administer claims for injuries
19 resulting from accidents that occurred before July 1, 1990.

20 (4) As used in this section, "adequately funded" means the present value of:

21 (a) the total cost of future benefits remaining to be paid;

22 (b) the cost of administering the claims; and

23 (c) an additional amount equal to 10% of the total of the amounts in subsections (4)(a) and (4)(b).

24 (5) Based on audited financial statements adjusted for unrealized gains and losses for the fiscal year
25 ending June 30, 2002, funds in excess of the adequate funding amount established in subsection (4) must be
26 transferred as follows:

27 (a) ~~Prior to June 30, 2003:~~

28 ~~—— (i) the amount of \$1.9 million must be transferred to the general fund to be transferred to the state library~~
29 ~~equipment account and appropriated to the university system and the department of public health and human~~
30 ~~services; and~~

1 ~~—— (ii) the amount of \$2.1 million must be transferred to the school flexibility fund, provided for in 20-9-543.~~
2 Prior to June 30, 2004, the amount of \$20 million must be transferred to the coal severance tax permanent fund
3 provided for in 17-5-703.

4 (b) In the fiscal year ending June 30, 2003, the remaining amount, and in subsequent fiscal years, an
5 amount of funds in excess of the adequate funding amount established in subsection (4) must be transferred
6 to the account established in 39-71-2321 to pay claims for injuries resulting from accidents that occurred on or
7 after July 1, 1990. The total amount of funds transferred under this subsection may not exceed \$63.8 million.

8 (6) If in any fiscal year after the old fund liability tax is terminated claims for injuries resulting from
9 accidents that occurred before July 1, 1990, are not adequately funded, any amount necessary to pay claims
10 for injuries resulting from accidents that occurred before July 1, 1990, must be transferred from the general fund
11 to the account provided for in 39-71-2321.

12 (7) The independent actuary engaged by the state fund pursuant to 39-71-2330 shall project the unpaid
13 claims liability for claims for injuries resulting from accidents that occurred before July 1, 1990, each fiscal year
14 until all claims are paid."

15
16 NEW SECTION. **Section 4. Effective date.** [This act] is effective July 1, 2003.

17 - END -